

Message Text

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PAGE 01 STATE 045905
ORIGIN NEA-04

INFO OCT-01 ISO-00 /005 R

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APPROVED BY:NEA/ARP:JWTTWINAM

-----021411 108153 /43

R 020634Z MAR 77

FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY MANAMA

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FOLLOWING CAIRO 3408 SENT ACTION SECSTATE INFO JIDDA KUWAIT
FEB 25; REPEATED TO YOU QUOTE

LIMITED OFFICIAL USE CAIRO 3408

EO 11652: NA

TAGS: EFIN

SUBJ: PEOPLES ASSEMBLY PASSES NEW 1977 BUDGET

REF CAIRO 1014 (NOTAL),

1. GOE FINALLY HAS A BUDGET FOR CURRENT FISCAL YEAR. DURING
SIX HOUR MEETING ON FEB 24, PA ADOPTED, WITH MINOR MODIFICAT-
TIONS, DRAFT BILL UNDER CONSIDERATION BY FULL LEGISLATURE
PAST TWO DAYS. VOTE WAS OVERWHELMINGLY, BUT NOT UNANIMOUSLY,
IN FAVOR. TOTAL BUDGET FIGURE IS LE 7,050 MILLION, SOME 18
PERCENT LARGER THAN 1976 BUDGET.

2. NEW BUDGET APPARENTLY IS NEARLY IDENTICAL TO DISASTROUS
JAN SUBMISSION (REFTEL) - WITH ONE MAJOR EXCEPTION; BULTIN
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UNFINANCED DEFICIT (TAKING INTO ACCOUNT ANTICIPATED EXTERNAL
FUNDING) IS LE 400 MILLION IN ABSENCE OF SUBSITY REDUCTIONS
EARLIE PROPOSED AND THEN RESCINDED WHICH IF EFFECTED WOULD HAVE
RESULTED IN ONLY LE 276 MILLION BANK-FINANCED GAP. OTHER
REPROGRAMMING OF FUNDS MAY HAVE OCCURED, BUT THESE EVIDENTLY
ARE NOT OF SUBSTANTIAL NATURE ON BASIS INFO NOW AVAILABLE.
MINOR CHANGES WROUGHT BY PA (I.E. PROPOSED BY ASSEMBLY AND

ACCEPTED IN PRINCIPLE BY EXECUTIVE) WERE SHIFT OF LE 1
MILLION SCHEDULED FOR MFA CONSTRUCTION TO PUBLIC HOUSING,
DECISION TO POSTPONE GOE AUTOMOBILE PURCHASES FOR TWO YEARS
(EXCEPT POLICE AND ARMED FORCES) AND ESTABLISHMENT OF SALARY
SCALES, ALONG WITH NECESSARY APPROPRIATIONS, FOR CERTAIN
PUBLIC SECTOR EMPLOYMENT. OVERALL PUBLIC SECTOR WAS APPROP-
RIATION ROSE 22 PERCENT, TO LE 947.7 MILLION, AS WAS CASE
IN JAN SUBMISSION. BUDGET REPORTEDLY BECOMES EFFECTIVE MARCH 1.

3. COMMENT: WE ARE UNABLE TO DETECT ANY CUTS IN SUBSIDY
COSTS TO GOVT IN INCOMPLETE INFO PUBLISHED IN PRESS. IF
THERE ARE TO BE ANY OF SIGNIFICANCE, GOE IS KEEPING QUIET
ABOUT ITS PLANS AT THIS STAGE, UNLIKE COLD DOUCHE APPROACH
OF LAST MONTH. PA ECONOMIC COMMITTEE CHAIRMAN MURAD TOLD
EMBOFF FEB 24, AFTER PASSAGE OF BILL, THAT HE OPPOSED
BUDGET ON GROUNDS IT IS INFLATIONARY; MURAD WAS SILENT ON
WHERE AUSTERITY MEASURES COULD BE APPLIED, HOWEVER. POST-
PONING ORDER OF GOE VEHICLES WILL NOT CONTRIBUTE GREATLY
TO REDUCING OPERATIONAL BUDGET DEFICIT IN TERMS OF MAGNI-
TITUDE; RATHER IT INDICATES THAT MORE MEANINGFUL SOLUTIONS
TO THE PROBLEM ARE EITHER NONEXISTENT OR UNACCEPTABLE.
EILTS UNQUOTE VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, GOVERNMENT BUDGET, ECONOMIC PROGRAMS, LEGISLATIVE BILLS, CENTRAL LEGISLATURE
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE045905
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/ARP:JPLYLE
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770071-1110
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t197703100/aaaadkki.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 889c07ac-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 1014
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2937049
Secure: OPEN
Status: NATIVE
Subject: PEOPLES ASSEMBLY PASSES NEW 1977 BUDGET
TAGS: EFIN, EG
To: ABU DHABI DOHA MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/889c07ac-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009